

DWDM component market to quadruple by 2004

According to **RIIK Inc** (Tel: +1-650-737-9600), the world market for optical components used in terrestrial DWDM and optical networking (including active and passive optical components, and optical modules for amplification and dispersion management) grew 130% to US\$5bn in 2000. Also, it will grow 90% in 2001, then quadruple to nearly US\$24bn by 2004.

New products will grow over 200% per year to over US\$4bn in 2004 (including Raman gain modules, 40 Gb/s actives and tunable lasers - to be deployed in 2001 - together with next-generation products for optical bandwidth management). This will be driven by "double-digit growth in DWDM systems, mul-

tiplied by system-performance improvements such as higher channel counts and faster transmission speeds, and by increasing complexity of optical modules".

* In its report *"US and World Markets for DWDM Multiplexers and EDFAs"* **Allied Business Intelligence** (Tel: +1-516-624-3113) reckons that the US\$3bn DWDM market of 2000 will grow to at least US\$25bn by 2006.

The market for DWDM MUXs has the potential to more than double that amount. Steady price declines and new technologies are spurring deployment of DWDM-powered networks for Internet data centers (IDCs), carrier hotels (CHs), enterprise systems

connectivity (ESCON), storage area networks (SANs), community antenna television (CATV) and network access.

"Downturns in financial markets will not hide the fact that the true convergence layer for the global network has emerged. Everyone who operates a private or a public network will eventually be using DWDM equipment."

While DWDM is now the standard for long-haul fibre-optic networks, Metro Area Networks (MANs) are fastest growing. Strongest growth is in the US (the first region to allow competition to enter the telecoms market) but Western Europe is building out a regional presence in the worldwide Internet infrastructure market, ABI says.

Optical amplifier and pump laser market US\$7bn by 2004

According to the report *"Optical Amplifiers: Raman, EDFA, EDWA, and SOA, Market Review and Forecast-2001"* from **Strategies Unlimited** (Tel: +1-650-941-3438) the world market for optical amplifiers and pump lasers for telecoms was US\$3bn in 2000 (75% North America) and will grow at a compound growth rate of 22% per year to over US\$7bn in 2004.

For high performances, erbium-doped fiber amplifiers (EDFAs) will be complemented by new Raman amplification pump blocks, substantially changing the design of EDFAs as well as the mix of pump lasers needed to drive the amplifiers.

For lower performances, sales volumes are now sufficient to enable the use of new, lower-cost technologies for a wider set of applications, such as erbium-doped waveguide amplifiers (EDWAs) and semiconductor optical amplifiers (SOAs).

To pump optical amplifiers, nearly US\$1.6bn of lasers were made in 2000 (mostly 980, 1480 and 14xx nm semiconductor lasers, but also fibre lasers).

* According to the report *"Semiconductor Optical Amplifiers: The European Market for SOAs"* from **Allied Business Intelligence** (Tel: +1-516-624-3113), the market will grow at over 150% from US\$1.1m in 2000 to over US\$1.38m in 2005 (primarily for metro, enterprise, CATV and long-haul networks).

Unlike EDFAs, SOAs can operate at wavelengths such as the 1310 nm band, making them promising for networks with much optical switching and add/dropping, and for pre-amplification purposes.

Lucent forced to float Agere at reduced price to pay debts

After losses of US\$1.02bn in 2000, **Lucent Technologies** (Murray Hill, NJ, USA) further losses in Q1/2001 are attributed to the slowdown in telecoms equipment sales - especially to "one large customer" (down 71% over fiscal Q1/2000) - as well as a loss of market share in optical networking (due to "falling behind technologically on several fronts"). This was worsened by the management crisis that led to the resignation of chairman and CEO Richard A. McGinn last October (replaced in December with returnee Henry B. Schacht), then allegations of accounting irregularities leading to an investigation by the US stock market's Securities and Exchange Commission in February.

Lucent's stock value has collapsed by more than 80%, from US\$270bn in late 1999 to US\$45bn now.

Also, Lucent expects that its core business of supplying equipment to telecoms service providers will drop by more than 26% in 2001.

In February Schacht renewed a US\$2bn credit line and gained a US\$4.5bn loan to "secure the company's financial stability". But it has still also had to proceed with the initial public offering of its microelectronics and opto unit, **Agere Systems Inc** (which is growing at about 50%), at an extremely unfavourable rate.

The initial price was set at 370m shares (28% of Agere) at

US\$16-19 each to raise up to US\$7.4bn. This valued Agere at US\$26.7bn (almost half the US\$57bn value of Lucent). But in February this was revised to 500m shares at US\$12-14, and again in March to US\$6-7 (and delayed by lead underwriter Morgan Stanley due to "poor market conditions"). However, the end-March IPO of 600m shares (37%) yielded just US\$6 per share, raising US\$3.9bn and valuing Agere at just US\$9.7bn. Morgan Stanley has since exercised its overallotment option to purchase up to 90m more shares (5%) for US\$519m.

Lucent will divest its remaining 58% ownership stake in Agere by end-September through a tax-free distribution to stockholders.